

ORIGINAL

**MEMORANDUM  
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0000090877

Arizona Corporation Commission

**DOCKETED**

DEC 3 2008

TO: Docket Control

2008 DEC -3 P 12: 32

FROM: Ernest Johnson  
Director  
Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL



DATE: December 3, 2008

RE: **COMPLIANCE FILING FOR DECISION NO. 68826 - STAFF RESPONSE TO THE FILING BY NORTHERN SUNRISE WATER COMPANY**  
DOCKET NO. W-20453A-06-0247 (CC&N FOR NSWC)  
DOCKET NO. W-20454A-06-0248 (CC&N FOR SSWC)  
DOCKET NOS. W-20453A-06-0251 W-20454A-06-0251, W-01646A-06-0251, W-01868A-06-0251, W-02235A-06-0251, W-02316A-06-0251, W-02230A-06-0251, W-01629A-06-0251, W-02240A-06-0251 (TRANSFER OF MCLAIN SYSTEMS)

**Introduction**

On November 21, 2008, Northern Sunrise Water Company, Inc. ("NSWC") docketed a filing entitled, "Proposed Modification to the Capital Improvements per Exhibit B to Decision No. 68826 for Northern Sunrise Water Company – Coronado Estates and Sierra Sunset Systems". This November 21, 2008 filing is a response to Staff's November 30, 2007 compliance filing for the Coronado Estates and Sierra Sunset Systems.

**Discussion**

*Background*

Pursuant to Decision No. 68826 (June 29, 2006), NSWC and Southern Sunrise Water Company, Inc. ("SSWC") or ("Companies") were to file any proposed modification to the capital improvements attached as Exhibit B to Decision No. 68826. The Decision ordered "that NSWC and SSWC shall file any proposed amendment or modification to Exhibit B with Docket Control as soon as practical. If Staff has an objection to any proposed modification to Exhibit B, Staff shall file its objections in the docket within 10 business days."

*Company's Initial Proposed Modification*

In its initial filing on November 5, 2007, NSWC amended its capital plant improvements for the Sierra Sunset and Coronado Estates Systems as follows:

1. Sierra Sunset System – Although the initial filing stated it is “possible” that the Sierra Sunset system is interconnected with the adjacent water system(s); NSWC recommends a new, adequately-sized interconnection between the Sierra Sunset and Coronado systems. These two systems would then operate together as a single system along with the proposed Babocomari Development. This proposed three-system interconnection would then eliminate the original Arizona Corporation Commission (“ACC”) recommendation of the installation of a 30,000 gallon storage tank on the Sierra Sunset system. The revised Sierra Sunset system’s storage requirement of 19,000 gallons would then be added to the proposed Babocomari storage capacity. The Sierra Sunset existing well capacity of 20 gallons per minute (“GPM”) when combined with Coronado Estates and Babocomari is sufficient.
2. Coronado Estates System – The interconnection information is the same as No. 1 above. The proposed three-system interconnection would then eliminate the original ACC recommendation of the installation of a 100,000 gallon storage tank on the Coronado Estates system. The revised Coronado Estates system’s storage requirement of 72,000 gallons would then be added to the proposed Babocomari storage capacity. The Coronado Estates existing well capacity of 110 GPM (estimated) when combined with Sierra Sunset and Babocomari is sufficient.
3. Babocomari Site – The proposed Babocomari site will have a 600 GPM well, 345,000 gallons of storage and a 1,975 GPM booster station.

After reviewing NSWC’s initial filing for the Sierra Sunset and Coronado Estates water systems, along with the proposed Babocomari site, Staff determined that NSWC’s proposed modifications to the capital improvements were reasonable as stated in Staff’s November 30, 2007 compliance filing.

#### *Procedural Order*

In a Procedural Order, dated April 22, 2008, NSWC – Sierra Sunset and Coronado Estates Systems were granted an extension of time to complete the capital plant improvements until December 31, 2008.

#### *Company’s November 21, 2008 Filing*

In its filing, NSWC stated that it is prepared to upgrade the Coronado Estates well and storage site. Since the proposed Babocomari Development is not ready for development at this time, NSWC will move forward with its own plant improvements. NSWC stated that since Decision No. 68826 was approved, many improvements have been made, much data has been collected, and economic conditions have changed which has lead to the change in modifications proposed in Exhibit B for the Coronado Estates and Sierra Sunset Systems. The major improvements that have been made are as follows:

- a. Installation of a new, adequately-sized interconnection between the Sierra Sunset and Coronado Estates systems.
- b. The Sierra Sunset's well capacity has been increased from 20 GPM to 35 GPM.
- c. The Coronado Estates' well capacity has been increased from 75 GPM to 100 GPM.
- d. Chlorination has been added to both wells.
- e. Installation of three 5,000 gallon storage tanks at the Coronado Estates site.

Based on modifications already made and newly reported water usage data, NSWC is proposing the following additional changes:

1. Installation of two additional 5,000 gallon storage tanks
2. Replacement of the existing 2,500 gallon pressure tank with a new 2,000 gallon pressure tank. (Exhibit B listed a 5,000 gallon pressure tank.)

*Arizona Department of Environmental Quality ("ADEQ") Approval*

In its filing, NSWC stated that the above additional changes will be on a temporary basis. On December 2, 2008, Staff docketed a separate compliance filing requesting that NSWC to submit ADEQ documentation showing that the additional changes are acceptable to ADEQ.

On December 2, 2008, NSWC submitted to Staff a copy of the ADEQ Certificate of Approval to Construct, dated November 28, 2008, for the additional changes.

**Conclusion**

After reviewing NSWC's November 21, 2008 filing for the Sierra Sunset and Coronado Estates Systems and the submittal of the ADEQ Certificate of Approval to Construct, it is Staff's opinion that NSWC's proposed modifications to the capital improvements are reasonable.

EGJ:MSJ:red

Attachment: ADEQ Certificate of Approval to Construct, dated 11-28-08

Originator: Marlin Scott, Jr.

Service list for Northern Sunrise Water Company, Inc. et al  
Docket Nos. W-20453A-06-0247 et al

Mr. Jay Shapiro  
Mr. Patrick Black  
FENNEMORE CRAIG, PC  
3003 N. Central Avenue, Suite 2600  
Phoenix, Arizona 85012

Mr. Steven Cockrum  
5328 Corral Dr.  
Hereford, Arizona 85635

Ms. Sharron L. Arcand  
Mr. Raymond E. Baltrus  
5906 S. Kino Road  
Hereford, Arizona 85615-8901

Ms. Charlotte L. Borghardt  
Mr. Paul Goetz  
P.O. Box 1126  
Sierra Vista, Arizona 85636

Mr. David Lease  
Mrs. Jennifer Lease  
6356 South Kino Road  
Hereford, Arizona 85615

Jeffrey & Marlene McDaniel  
7023 S. Calle Del La Mango  
Hereford, Arizona 85615

Ms. Janice Alward  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007



ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY  
CERTIFICATE OF APPROVAL TO CONSTRUCT  
WATER FACILITIES


Page 1 of 2

<b>ADEQ File No:</b> 20080561		<b>LTF No:</b> 49012	
<b>System Name:</b> Northern Sunrise/Coronado		<b>System Number:</b> 02-013	
<b>Project Owner:</b> Northern Sunrise Water Company			
<b>Address:</b> 4055 Campus Drive, Sierra Vista, AZ 85635			
<b>Project Location:</b> Sierra Vista		<b>County:</b> Cochise	
<b>Description:</b> CORONADO ESTATES WATER PLANT UPGRADES: ADDITION OF TWO NEW 5,000 GALLON POLYETHYLENE STORAGE TANKS AND REPLACEMENTS OF THE EXISTING HYDROPNEUMATIC TANK WITH A NEW 2,000 GALLON HYDROPNEUMATIC TANK.			

*Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 6 continued on page 2 through 2.*

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code (A.A.C.).
2. Upon completion of the construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Southern Regional Office located in Tucson with all supporting documentation and four sets of 'As-built' plans. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction (AOC) in accordance with A.A.C.R18-5-507.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval To Construct (ATC) is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing as per A.A.C.R18-5-505(B).

Approved By:

  
Martin D. McCarthy, P.E., Manager  
Regional Compliance Manager  
Southern Regional Office

11-28-08

Date

Reviewed by: JEE

cc: File No : 20080561  
Central Regional Office  
Owner: Northern Sunrise Water Company  
County Health Department: Cochise  
Engineer: Westland Resources  
Planning and Zoning/Az Corp. Commission  
Engineering Review Database - Etr021

**APPROVAL TO CONSTRUCT  
NORTHERN SUNRISE/CORONADO ESTATES  
WATER PLANT UPGRADES  
ADEQ FILE No. 20080561  
PAGE 2 OF 2: PROVISIONS CONTINUED**

4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department as per A.A.C.R18-5-507(A).
5. Each storage tank will be equipped with a properly installed overflow pipe.
6. Each of the new storage tanks will be the same height as the three existing storage tanks.